

GOVERNMENT OF THE DISTRICT OF COLUMBIA.

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MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

RELATIVE TO

*The payment of the debts of the District of Columbia.*

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JUNE 20, 1874.—Referred to the Joint Select Committee to Inquire into Affairs of the District of Columbia and ordered to be printed.

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*To the Senate and House of Representatives :*

I respectfully invite the attention of Congress to one feature of the bill entitled "An act for the government of the District of Columbia, and for other purposes."

Provision is therein made for the payment of the debts of the District in bonds, to be issued by the sinking-fund commissioners, running fifty years and bearing interest at the rate of 3.65 per cent. per annum, with the payment of the principal and interest guaranteed by the United States. The government by which these debts were created is abolished, and no other provision seems to be made for their payment. Judging from the transactions in other bonds, there are good grounds, in my opinion, for the apprehension that bonds bearing this rate of interest, when issued, will be worth much less than their equivalent in the current money of the United States. This appears to me to be unjust to those to whom these bonds are to be paid, and, to the extent of the difference between their face and real value, looks like repudiating the debts of the District. My opinion is that, to require creditors of the District of Columbia to receive these bonds at par, when it is apparent that to be converted into money they must be sold at a large discount, will not only prove greatly injurious to the credit of the District, but will reflect unfavorably upon the credit and good faith of the United States.

I would recommend, therefore, that provision be made at the present session of Congress to increase the interest upon these bonds, so that when sold they will bring an equivalent in money, and that the Secretary of the Treasury be authorized to negotiate the sale of these bonds at not less than par, and pay the proceeds thereof to those who may be ascertained to have valid claims against the District of Columbia.

U. S. GRANT.

EXECUTIVE MANSION, June 20, 1874.

